

UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION

In re: Chapter 11

Federal Verification Co., Inc.,  
successor by merger to  
GSA 1000, LLC,

Case No. 8:15-bk-03742-KRM

Debtor.

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**DEBTOR'S CHAPTER 11 CASE MANAGEMENT SUMMARY**

Debtor, Federal Verification Co., Inc., by its undersigned counsel, hereby files its Case Management Summary pursuant to Local Rule 2081-1, and states:

I. Description of Debtor's Business

The Debtor is in the business of processing applications for small and medium size businesses who primarily want to do business with the U.S. General Services Administration. The Debtor no longer solicits customers in any manner.

II. Location of Debtor's Operations and Whether Leased or Owned

The Debtor operates at a leased location at 3925 Tampa Road, Oldsmar, Florida.

III. Reasons for Filing Chapter 11

The Debtor's business operations have been adversely affected by tortious interference from competitors and a lengthy investigation by the Florida Attorney General's office, both of which have caused negative press for the Debtor and its business. Many of the competitors are former employees. After a four-year investigation, the Attorney General filed an action against the Debtor in November 2014 in Pinellas County Circuit Court alleging deceptive trade practices in the solicitation of customers and seeking restitution for approximately 200

alleged complainants. These 200 complainants, if that many, are only a small percentage of the Debtor's customers over the past several years.

The Debtor has filed lawsuits against certain competitors to stem the interference, and has had numerous meetings with the Attorney General's office in recent years in an effort to resolve alleged complaints and move forward with its business. Unfortunately, these efforts have not slowed the onslaught of negative information against the Debtor and its business has suffered. At the same time, the Debtor has been involved in negotiations with the U.S. Department of Labor (DOL) to resolve a dispute over wage and hour complaints.

As negative information has spread and the Debtor's business has declined, financial institutions have refused to continue doing business and multiple lawsuits have been filed against the Debtor. Unable to resolve the flood of business and litigation issues through negotiation, the Debtor had no choice but to seek protection under Chapter 11 in hopes of getting a breathing spell, reorganizing its business, and salvaging any remaining value for legitimate creditors.

IV. List of Current Officers and Directors, Salaries and Benefits

James D. Sprecher, President – none.

V. Debtors' Annual Gross Revenues

Annual gross revenues in 2013 were approximately \$4.9 million. Gross revenues in 2014 were substantially less. Current revenues are minimal as the Attorney General's lawsuit has crippled the Debtor's business.

VI. Amounts Owed to Various Classes of Creditors

A. Priority creditors such as governmental creditors for taxes.

Pinellas County Tax Collector (tangible property tax) - \$2,229

B. Secured creditors and their collateral.

None (one lapsed UCC).

C. Amount of unsecured claims.

Approximately \$2.1 million, including disputed claims of former customers (AG complainants) and disputed wage and hour claims (DOL complainants).

VII. General Description and Approximate Value of the Debtor's Current Assets

Work in process – Unknown

Furniture, fixtures and equipment - \$34,455 appraised value

VIII. Number of Employees and Amounts of Wages Owed as of Petition Date

Approximately 10 independent contractors (processors) – None.

IX. Status of Debtor's Payroll and Sales Tax Obligations

Payroll and sales taxes are believed to be current. The Debtor recently received a notice of audit from the Florida Department of Revenue.

X. Anticipated Relief to be Requested within 14 Days

1. Application(s) to employ professionals.
2. Request for extension of the automatic stay.

XI. Debtor's Strategic Objectives.

Obtain a breathing spell from all litigation, including the Attorney General lawsuit, and focus on its current business and reorganization. The Debtor will reorganize through a restructuring or a sale of its assets. The Debtor will promptly propose a plan which includes an immediate cash payment to the various disputed creditors (former customers and former employees).

\_\_\_\_\_/s/ Michael C. Markham\_\_\_\_\_  
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Attorneys for Debtor

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the foregoing has been served electronically on all registered CM/ECF users this 16th day of April, 2015.

\_\_\_\_\_/s/ Michael C. Markham\_\_\_\_\_  
2375866

**Mailing Information for Case 8:15-bk-03742-KRM**

**Electronic Mail Notice List**

The following is the list of **parties** who are currently on the list to receive email notice/service for this case.

- Michael C Markham mikem@jpfirm.com,  
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